



## **OVERTIME PERFORMANCE AUDIT**

**MARCH 2013**



**CITY OF DURHAM**  
AUDIT SERVICES DEPARTMENT

*“Provides independent, objective  
assurance and investigative services”*

***Director of Audit Services***

Germaine Brewington, MBA, CPA, CFE

***Assistant Director of Audit Services***

Sonal Patel, CPA, CIA

***Senior Internal Auditor***

Craig Umstead, CFE, CFSA

***Internal Auditor***

Alex Terry, MPA, CGAP

***Audit Assistant***

Andrew Holland

**FRAUD, WASTE & ABUSE HOTLINE | 919.560.4213, EXT. 3**

**[WWW.DURHAMNC.GOV/DEPARTMENTS/AUDIT](http://WWW.DURHAMNC.GOV/DEPARTMENTS/AUDIT)**

DURHAM



1869  
CITY OF MEDICINE

**CITY OF DURHAM**

*Audit Services Department*

101 CITY HALL PLAZA | DURHAM, NC 27701

919.560.4213 | F 919.560.1007

[www.DurhamNC.gov](http://www.DurhamNC.gov)

**To:** Audit Services Oversight Committee  
**From:** Germaine Brewington, Director  
Audit Services Department  
**Date:** March 1, 2013  
**Re:** Overtime Performance Audit

The Department of Audit Services completed the report on the Overtime Performance Audit dated March 2013. The purpose of the audit was to review the City of Durham's overtime payments and to determine whether management controls over overtime payments were effective to ensure that overtime was reasonable and approved.

This report presents the observations, results, and recommendations of the Overtime Performance Audit (March 2013). City management partially concurs with the recommendations made. Management's response to the recommendations is included with the attached report.

The Department of Audit Services appreciates the contribution of time and other resources in the completion of this audit from employees in the departments of General Services, Solid Waste, Human Resources, Emergency Communications, Technology Solutions, Public Works, Water Management, Fire, Parks & Recreation and Finance.

## TABLE OF CONTENTS

---

<b>BACKGROUND INFORMATION</b>	<b>5</b>
-------------------------------	----------

---

<b>EXECUTIVE SUMMARY</b>	<b>8</b>
--------------------------	----------

---

<b>OBJECTIVES, SCOPE AND METHODOLOGY</b>	<b>9</b>
--	----------

---

<b>AUDIT RESULTS</b>	<b>12</b>
----------------------	-----------

---

<b>RECOMMENDATIONS</b>	<b>26</b>
------------------------	-----------

---

<b>MANAGEMENT'S RESPONSE</b>	<b>28</b>
------------------------------	-----------

---

## BACKGROUND INFORMATION

---

The City of Durham has policies and procedures designed to standardize the awarding of overtime pay for hours worked by employees beyond their regularly scheduled hours. These policies and procedures are in place to ensure that the City complies with the Fair Labor Standards Act (FLSA). Policies HRM 403-*Overtime Pay and Compensatory Time*, HRM 406-*Compensation Plan* and HRM 410-*Standby and Recall* detail this guidance.

A summary of the policies for exempt and non-exempt employees as follows:

***Exempt employees:***

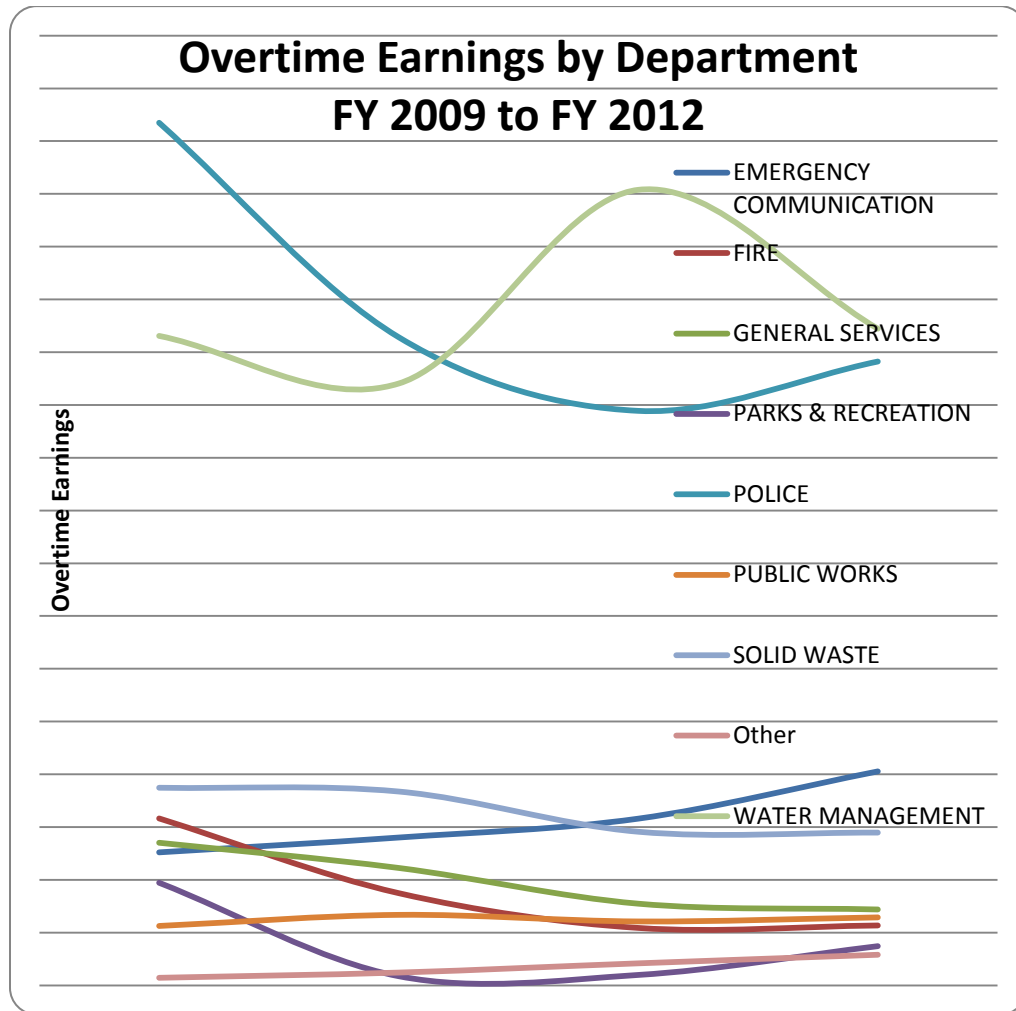
- Shall not be paid, except for emergencies or unanticipated special situations, for hours worked beyond their regularly scheduled hours unless prior approval is given by the Department Director, funds are available in the Department's budget and the City Manager (or designee) approves the request prior to work being performed.

***Non-exempt employees:***

- Shall receive overtime for any hours physically worked beyond forty hours in the work week, or beyond the established FLSA work period hours for sworn police personnel and firefighting personnel. The overtime pay will be calculated at one and one-half times the base rate of pay.
- Overtime will not be paid for:
  - a. Work performed without the supervisor's prior approval and knowledge;
  - b. Voluntary training or travel;
  - c. Training or travel during regular work hours;
  - d. Holiday time worked during regular working hours;
  - e. Sick, vacation or any other paid leave time (use of paid leave time is not included in hours used to determine overtime payment).

## BACKGROUND INFORMATION

Total overtime earnings for all City employees for FY 2012 amounted to approximately \$1,820,000. The following table shows the overtime earnings for all City employees by department for FY 2009 to FY 2012.



## BACKGROUND INFORMATION

---

For FY 2012, the Department of Water Management and the Police Department account for approximately 67% of total overtime payments.

Overtime object codes in the general ledger include several pay categories. For the purpose of this report, only two categories: 200-overtime pay and 201-shift differential with overtime were included. The Department of Technology Solutions created for the Department of Audit Services, a report that extracted all employees who received earnings coded as these pay categories.

## EXECUTIVE SUMMARY

---

### Purpose

The purpose of the audit was to review the City of Durham's overtime payments and to determine whether management controls over overtime payments were effective to ensure that overtime was reasonable and approved.

We conducted this performance audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Results in Brief

Overall across the City, overtime payments to employees and overtime hours worked by employees do not appear excessive. Adequate management oversight exists in most of the departments. Lack of management oversight was noted over the Utility System Supervisor (USS) position in the Department of Water Management. While this practice is not systemic to the City, this lack of oversight for the assignments of the persons in the USS position created an environment for potential fraud, waste or abuse to occur. However, at the time of the fieldwork, audit staff did not find evidence of fraud or abuse by the employees earning the overtime.



## OBJECTIVES, SCOPE AND METHODOLOGY

---

### Objectives

The objectives of the audit were to:

- Determine if overtime earned was reasonable;
- Determine if overtime was properly approved; and
- Determine if management controls over overtime payments were effective to ensure that overtime was reasonable.

### Scope

The audit period covered overtime payments made to employees during FY 2012.

### Methodology

In order to achieve the objectives of the engagement, Audit staff performed the following steps and procedures:

1. Obtained for the City, overtime earnings reports by employee for FY 2012, FY 2011, FY 2010, FY 2009;
2. Analyzed overtime earnings for all employees by:
  - Calculating overtime earned as a % of the employee's salary;
  - Computing actual hours worked per pay period for all employees that earned overtime (overtime hours plus regular hours);
  - Sorting overtime earnings (highest to lowest);
  - Identifying trends in overtime by department for FY 2012, FY 2011, FY 2010 and FY 2009;
  - Comparing leave taken to overtime hours worked (looked for trends for employees who earned high amounts of overtime and used a lot of leave time);
  - Examining overtime by job classification;

## OBJECTIVES, SCOPE AND METHODOLOGY

---

3. Judgmentally selected a sample of employees based on the analysis performed in step 2;
4. Performed the following steps for the selected sample:
  - Obtained and reviewed the job description;
  - Compared overtime earned by the employee to similar positions in the department/division;
  - Compared overtime earned by the employee to the staff they supervise;
  - Analyzed overtime hours worked by pay period to identify trends;
  - Interviewed the employee's supervisor to understand the reason for the overtime;
  - Validated the reason provided, if documentation was available;
  - Verified the non-exempt status of the employee earning overtime;
  - Verified the calculation of overtime hours was in accordance with Policy;
  - Traced overtime hours to daily timesheets or other documentation maintained by the department;
  - Verified the timesheets for proper approval by the supervisor;
  - Verified that the overtime payment form was signed by senior management;
  - Verified if the overtime work was performed with the supervisor's prior approval and knowledge;
5. Interviewed the employees in charge of processing payroll;
6. Documented the process of reporting overtime to the payroll personnel;
7. Interviewed the timekeepers at the selected departments;

## OBJECTIVES, SCOPE AND METHODOLOGY

---

8. Documented the process of recording and calculating overtime at the selected departments;
9. Interviewed personnel in charge of monitoring overtime at the selected departments; and
10. Compared the overtime budget to actual for FY 2012 and FY 2011 for the selected departments.

During the audit, staff also maintained awareness to the potential existence of fraud.

## AUDIT RESULTS

---

**Overall across the City, overtime payments to employees and overtime hours worked by employees do not appear excessive. However, management oversight over the position of the Utility System Supervisor in the Department of Water Management is significantly deficient.**

Analysis of overtime for FY 2012 performed by the Audit Services staff indicated that 25 employees of the approximately 996 employees that received overtime payments during FY 2012 were paid \$10,000 or more. The 25 employees consisted of 12 Department of Water Management employees, 6 Police Department employees, 6 Department of Emergency Communications' employees, and 1 Fire Department employee. Overtime recorded by these 25 employees averaged 457 hours for FY 2012. Employees working an average of 457 hours of overtime in a year would be working the equivalent of approximately 8.7 hours of overtime a week for 52 weeks of the year. Three of the twenty-five employees worked over 700 hours of overtime for FY 2012. Employees working 700 to 1000 hours of overtime in a year would be working approximately 13 to 19 overtime hours each week for 52 weeks of the year.

The table on page 13 shows the highest overtime earners during FY 2012.

## AUDIT RESULTS

DEPARTMENT	Position	Total Overtime Hours	Total Overtime Pay	Total Base Wages	OT as % of Salary
WATER MANAGEMENT	UTILITY SYSTEM SUPERVISOR	1055	\$43,248	\$57,981	74.59%
WATER MANAGEMENT	UTILITY SYSTEM SUPERVISOR	704	\$31,745	\$63,778	49.77%
EMERGENCY COMMUNICATION	COMMUNICATION TRAINING COORD.	455	\$25,577	\$55,417	46.15%
FIRE	FACILITIES MAINT. TECHNICIAN	852	\$24,753	\$38,524	64.25%
WATER MANAGEMENT	UTILITY SYSTEM SUPERVISOR	525	\$24,169	\$55,298	43.70%
WATER MANAGEMENT	EQUIP. MAINT. SUPERVISOR	538	\$22,803	\$60,006	38.00%
WATER MANAGEMENT	SR. ENGINEERING DESIGNER	457	\$20,314	\$59,006	34.43%
WATER MANAGEMENT	UTILITY SYSTEM SUPERVISOR	410	\$17,615	\$60,767	28.99%
WATER MANAGEMENT	INVENTORY CONTROL SUPER.	428	\$16,751	\$55,421	30.22%
EMERGENCY COMMUNICATION	COMMUNICATIONS OFFICER	506	\$13,737	\$35,254	38.97%
WATER MANAGEMENT	CREW CHIEF II	349	\$13,556	\$43,987	30.81%
POLICE	POLICE SERGEANT	291	\$13,021	\$68,859	18.91%
WATER MANAGEMENT	METER READER	653	\$12,836	\$27,814	46.15%
WATER MANAGEMENT	METER READER	623	\$12,548	\$28,511	44.01%
EMERGENCY COMMUNICATION	COMMUNICATIONS SHIFT SUPER.	281	\$11,751	\$55,916	21.02%
EMERGENCY COMMUNICATION	COMMUNICATIONS OFFICER	377	\$11,605	\$43,509	26.67%
EMERGENCY COMMUNICATION	COMMUNICATIONS SHIFT SUPER.	350	\$11,602	\$46,953	24.71%
POLICE	POLICE CORPORAL	285	\$11,581	\$61,730	18.76%
EMERGENCY COMMUNICATION	COMMUNICATIONS OFFICER	445	\$11,411	\$33,227	34.34%
POLICE	POLICE OFFICER	307	\$11,164	\$53,161	21.00%
POLICE	INVESTIGATOR	271	\$11,073	\$57,566	19.23%
WATER MANAGEMENT	CREW CHIEF II	337	\$10,690	\$44,867	23.83%
WATER MANAGEMENT	CREW CHIEF II	303	\$10,530	\$49,154	21.42%
POLICE	POLICE OFFICER	279	\$10,392	\$55,857	18.60%
POLICE	MASTER OFFICER	230	\$10,356	\$63,794	16.23%

## AUDIT RESULTS

---

Thirteen of these 25 employees have earned greater than \$10,000 during FY 2010, FY 2011 and FY 2012.

Review of documentation that supported the overtime payments as well as interviews of the supervisors in various departments disclosed the following justifications for the overtime worked by the above employees:

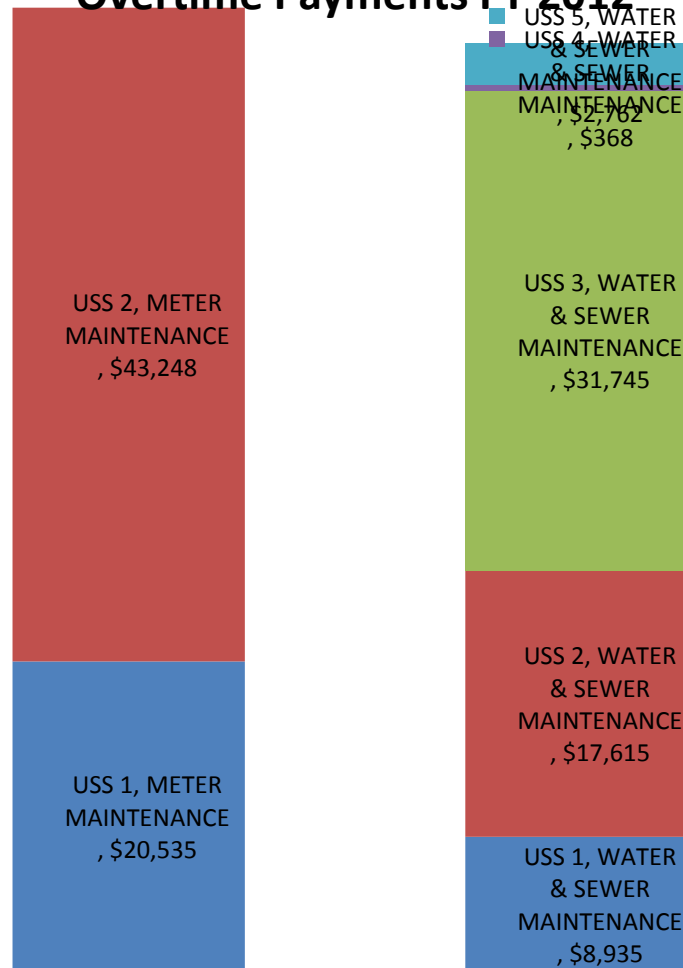
### WATER MANAGEMENT DEPARTMENT (12 POSITIONS)

#### Utility System Supervisor (USS)

**A lack of adequate documentation for specific work tasks precluded an assessment of the legitimate business need for overtime claimed as well as precluded the appropriate management oversight for overtime paid.**

The USS position accounts for approximately 20% of the Department of Water Management's total overtime of approximately \$622,269 for FY 2012. There are seven Utility System Supervisors at the Department of Water Management. The table on page 15 shows the breakdown of the overtime payments during FY 2012 for this position.

### Utility System Supervisor Position Overtime Payments FY 2012



Four of the seven Utility System Supervisors generated high amounts of overtime compared to other City employees. Timesheets did not provide adequate documentation describing the reasons for the overtime hours claimed. The timesheets explicitly captured hours claimed because of on-call duty assignments. Documentation was not provided to support reasons for working beyond regular hours on workdays or on the weekends (other than for call duty assignments).

## AUDIT RESULTS

---

Undefined administrative activities by supervisors were determined to contribute to some of the unsupported overtime earned.

Management stated that the overtime claimed by persons in this supervisory position was necessary due to: 1) on call assignments, 2) management oversight of projects, and 3) the work crew's activities. Per management, the business need for the majority of overtime was attributed to the Automated Meter Reading contract (M-8) which provides for the installation of units that allow for automatic reading of meters. Per management, several open staff positions were also causing a necessary reliance on the Utility System Supervisors to take on additional responsibilities and to work overtime in order to complete open work orders and service order tasks. However, management could not produce adequate documentation to substantiate specific tasks or work assignments related to administrative activities performed by employees in this (USS) position that generated the overtime.

The lack of adequate documentation for specific work tasks precluded an assessment of the legitimate business need for overtime claimed as well as precluded the appropriate management oversight for overtime paid. Management assumed that overtime was necessary given the job responsibilities. However, they did not question the amount of overtime claimed, nor did they question whether the overtime was necessary to carry out the work responsibilities. Management had not reviewed the specific job functions associated with the time worked for the Utility System Supervisors prior to this audit.

In addition, even though managers were aware of areas in which employees worked a lot of overtime, they did not appear to have a proactive approach to addressing areas of high overtime use.



## AUDIT RESULTS

---

### **Equipment Maintenance Supervisor**

The Department of Water Management has only one Equipment Maintenance Supervisor. This position accounts for approximately 4% of the Department's overtime. Overtime was related to supervising the installation of equipment used in the repairs for work orders and service orders. The Equipment Maintenance Supervisor is required to go on-site to determine parts that need replacement. The employee in this position also conducts training on the use of special equipment. The overtime appeared appropriate for the work performed.

### **Senior Engineering Designer**

Overtime was related to monitoring the work required by the Bush Hog Contract for grass and lawn services for City properties. The Department of Water Management has only one Senior Engineering Designer. This position accounts for approximately 3% of the Department's overtime, which appeared appropriate for work performed.

### **Inventory Control Supervisor**

There are two Inventory Control Supervisors at the Department of Water Management and they account for approximately 3% of the Department's overtime. One Inventory Control Supervisor earns the majority of this overtime. Overtime was related to job duties associated with performing the Automated Meter Reading contract. The supervisor is responsible for maintaining the inventory of the new meters and issuing them to the contractor for installation. The need for working the overtime appeared appropriate.

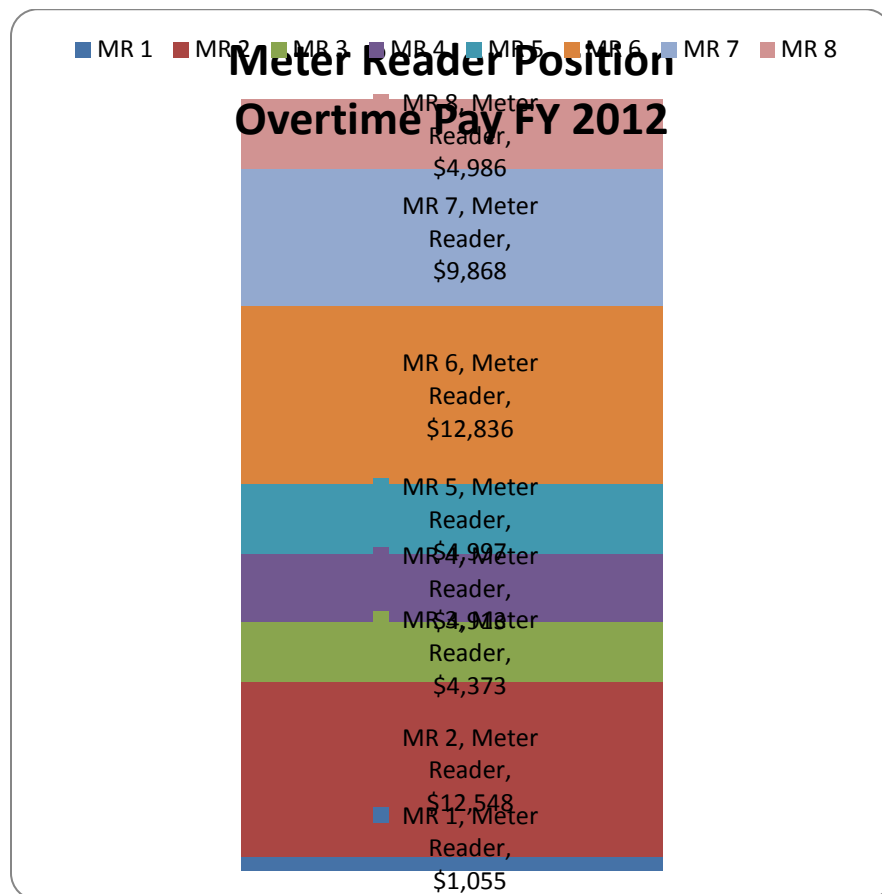
### **Meter Reader**

Overtime was related to weekend service adjustments, service requests such as replacing meter tops and boxes and other activities to support the Automated Meter Reading contract. A significant amount of overtime attributed to this position was due to the installations of the new automated meters. A review of the work

## AUDIT RESULTS

assignments could be reasonably matched to the overtime hours paid.

Meter readers account for 9% of the Department's overtime. There are a total of 8 Meter Readers in the Department. The graph below shows the overtime payments to the Meter Readers for FY 2012.

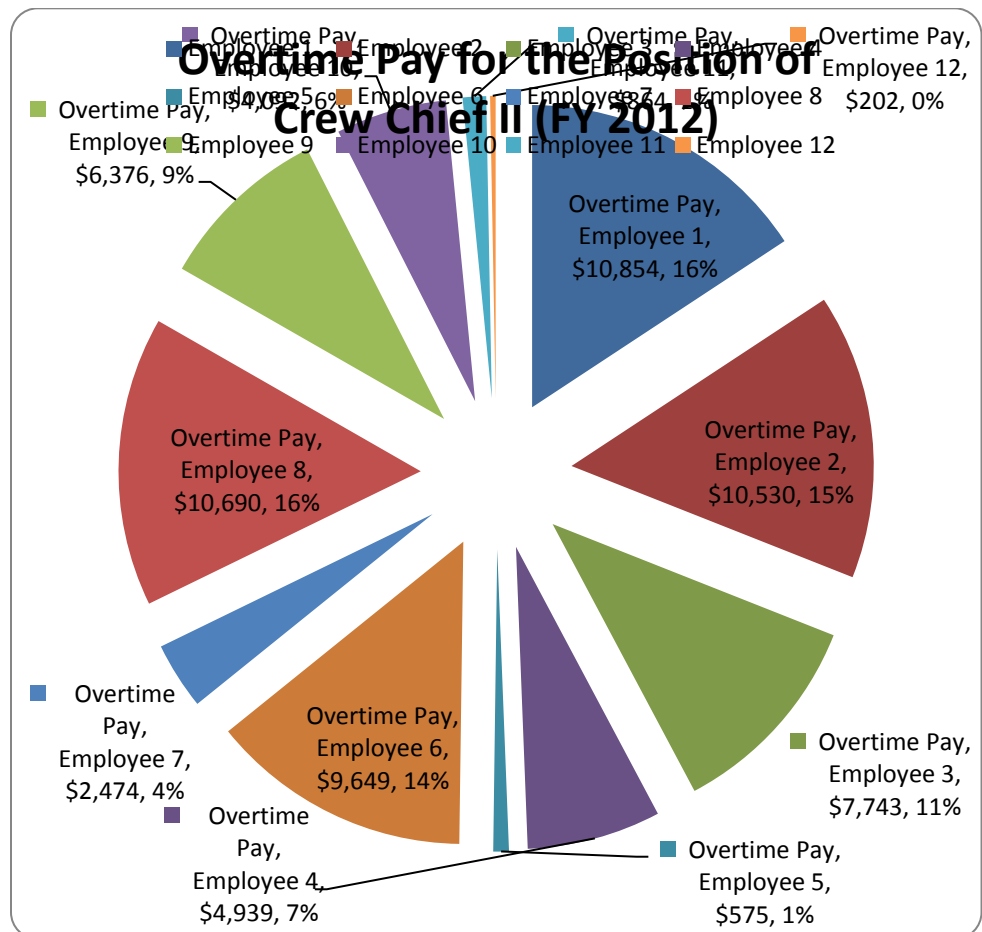


### Crew Chief II

Overtime results from activities performed as the working lead supervisor assisting with work orders related to water line breaks, water line maintenance, installation of new water lines, treating back flow etc. The Crew Chief II takes on responsibilities of other crewmembers because of absences or quantity of workload.

## AUDIT RESULTS

Usually when the Crew Chief I or the Crew Leader is absent or needs assistance, the Crew Chief II takes the lead. One Utility System Supervisor stated that the Crew Chief II is responsible for filling in on any responsibilities that are needed to complete and bring a project to completion. The graph below shows the percentage of overtime pay received by employees in the Crew Chief II position for FY 2012.



A review of the work assignments could be reasonably matched to the amount of overtime pay received by the employees in the Crew Chief II position.

## AUDIT RESULTS

---

### POLICE DEPARTMENT (6 POSITIONS OVER \$10,000)

#### **Investigator**

Overtime was related to collecting, documenting, and preserving evidence at crime scenes, examining fingerprints, and preparing written reports. This investigator works in the Division of Organized Crime. The Division's overtime accounts for approximately 4.5% of the Police Department's total overtime. This specific investigator's overtime represents 1.6% of the Department's overtime. The overtime could be substantiated. The timesheets documented adequately the case that the investigator worked on.

#### **Police Sergeant/Police Corporal/Police Officer**

Overtime was related to performing patrol duties. The timesheets adequately documented the reasons for working the overtime.

Management was aware of the overtime and adequate monitoring controls exist at the Police Department to review high overtime earned by Department employees.

### DEPARTMENT OF EMERGENCY COMMUNICATIONS

#### **Communications Officer/Communication Shift Supervisor/Communications Training Coordinator**

Overtime was related to answering 911 calls and dispatching the appropriate agency to aid citizens. Staff absences and vacancies drive the need for overtime in the Department. The Department of Emergency Communications has to maintain minimum staffing at all times. Supervisors control the overtime by scheduling the overtime based on this minimum staffing requirement. There is a due process in place to ensure everyone has a fair chance of working overtime hours. Adequate controls exist at the Department to monitor overtime worked.

## AUDIT RESULTS

---

### FIRE DEPARTMENT

#### **Facilities Maintenance Technician**

There is only one Facilities Maintenance Technician at the Fire Department. This position is responsible for repairs and preventative maintenance at all of the 23 Fire Department facilities. The overtime resulted from the workload associated with being the only maintenance person at the Department. This position is also responsible for responding to after hour calls requesting repairs. During fieldwork, timesheets reviewed by the Audit Services staff, did not have sufficient documentation to identify the reason for working overtime hours. This was brought to the attention of the supervisor. The practice has since been changed and the Facilities Maintenance Technician is required to identify the project associated with working any overtime hours. Audit Services staff verified subsequent timesheets and no exceptions were noted. Management is also considering the feasibility of other staffing options such as hiring additional personnel to handle the workload associated with this position. However, this would have to be channeled through the appropriate approval process.

#### **Overall, actual hours worked were approved**

Audit staff verified approval of actual hours worked for 200 instances of overtime pay. Overtime approval was properly documented 95% of the time. The tables on page 22 display the instances of overtime pay tested at various departments by the Audit Services staff.

## AUDIT RESULTS

Departments	Number of Overtime Payments	Approval by Supervisor of Hours Worked
Emergency Communications	18	18
Fire	5	5
General Services	5	4
Parks and Recreation	5	4
Police	30	30
Public Works	5	5
Solid Waste	16	16
Water Management	116	107
Total	200	189

**Overtime was calculated correctly for 99.5% of the sample selected.**

Departments	Number of Overtime Payments	Correct Calculation	% Calculated Correctly
Emergency Communications	18	18	100.00%
Fire	5	5	100.00%
General Service	5	5	100.00%
Parks and Recreation	5	5	100.00%
Police	30	30	100.00%
Public Works	5	4	80.00%
Solid Waste	16	16	100.00%
Water Management	116	116	100.00%
Total	200	199	<b>99.50%</b>

Audit Services staff verified the calculation of overtime hours for the 200 instances of overtime pay selected to determine if the calculations were in compliance with Policy HRM 403. One exception was noted. The exception noted at the Department of Public Works did not consider leave taken by the employee in calculating overtime pay. This is also a violation of Policy HRM 403 which states that overtime will not be paid for sick, vacation or any other

## AUDIT RESULTS

---

paid leave time (use of paid leave time is not included in hours used to determine overtime payment).

The calculations performed at the Department of Water Management are in accordance with their internal departmental policy "*Stand-by/On-Call/Recall Duty*". However, we noted that the internal policy is less restrictive than Citywide Policy HRM 403 – *Overtime and Compensatory Time* and Policy HRM 410 – *Standby/Recall*. Management should determine if the exceptions per the Department of Water Management's internal policy should be extended to other departments that generate overtime for similar activities.

## AUDIT RESULTS

---

**Overtime Payment Forms submitted to the Payroll Division of the Finance Department were not signed in accordance with Policy HRM 403 *Overtime Pay and Compensatory Time*.**

Policy HRM 403 *Overtime Pay and Compensatory Time* C.5.a states that, "The Department Director must sign the overtime payment form and the time sheet and this must be submitted to payroll as required."

Audit Services staff noted that the Department Directors did not sign the Overtime Payment Form at the following departments:

- **Fire** (The Battalion Chief signed all Overtime Payment Forms).
- **General Services** (The Assistant Directors sign off on the Overtime Payment Forms).
- **Parks and Recreation** (The Assistant Directors sign off on the Overtime Payment Forms).
- **Police** (The Program Accountant signs the Overtime Payment Forms).
- **Water Management** (the Assistant Superintendent signs the Overtime Payment Forms).



## AUDIT RESULTS

---

In addition, the Director or designee at the Department of Emergency Communications did not sign 17 out of the 18 Overtime Payment Forms reviewed by the Audit Services staff.

### Conclusion

Overall, across the City, overtime payments to employees and overtime hours worked by employees do not appear excessive. Adequate management oversight exists in most of the Departments. However, lack of management oversight was noted over the Utility System Supervisor (USS) position in the Department of Water Management. For this position, management assumed that overtime was necessary given the job responsibilities and management did not question the significant amount of overtime claimed. In addition, management did not appear to have a proactive approach to addressing areas of high overtime use. While this deficiency in internal controls is not systemic to the City, this lack of oversight for the assignments of the persons in the USS position created an environment for potential fraud, waste or abuse to occur. However, at the time of the fieldwork audit staff did not find evidence of fraud or abuse by the employees earning the overtime.

## **RECOMMENDATIONS**

---

### **Recommendation 1**

Department directors/designees of all City departments should perform an aggregate review of the total overtime paid to all employees. This review will improve the effectiveness of monitoring overtime earned by all employees at all levels and positions. The report should include the following information: employee name, employee position, total overtime paid, total base salary, total hours of overtime worked and total leave time taken during a given period. The review should be performed on some regular schedule.

### **Recommendation 2**

The City Manager's office should review Water Management Department's internal policy Stand-by/On-Call/Recall Duty and determine if the policy is appropriate and if the exceptions noted in this policy should apply to other City department employees that earn overtime for similar activities. If the policy is determined to be appropriate, the exceptions should be reflected in the respective City-wide policies.

### **Recommendation 3**

The Department of Water Management should strengthen management oversight for overtime payments by performing the following:

- Requiring the documentation of tasks, which supports overtime, and compensatory time to be completed immediately following the completed work assignment; and reviewed within a reasonable period. These records should be specific to the task, and maintained in accordance with the City's Records Retention policy.

## RECOMMENDATIONS

---

- Authorizing overtime in writing (whenever possible) based on a specific business need, before it is worked.

### **Recommendation 4**

The Department of Water Management should prepare a resource allocation worksheet of its departmental staff positions with high overtime earnings to determine: 1) adequate staffing levels for the workload, and 2) reasonableness of overtime hours claimed.

### **Recommendation 5**

The Department of Public Works should retrain the timekeepers in charge of calculating overtime.

### **Recommendation 6**

The Department of Emergency Communications should ensure that the Department Director signs the Overtime Payment Form per the current policy.

### **Recommendation 7**

The Department of Human Resources should revise Policy HRM 403 *Overtime Pay and Compensatory Time C.5.a* to state “The **Department Director or Assistant Director** must sign the overtime payment form and the time sheet and this must be submitted to payroll as required.”

## MANAGEMENT'S RESPONSE

---



**CITY OF  
DURHAM**

Memo to: Germaine F. Brewington, Director of Audit Services  
From: **Wanda S. Page, Deputy City Manager**  
Date: March 20, 2013  
Subject: Management's Response  
Overtime Performance Audit (March 2013)

The following is the management's response to the Overtime Performance Audit dated March 2013.

### **Recommendation 1**

Department directors/designees of all City departments should perform an aggregate review of the total overtime paid to all employees. This review will improve the effectiveness of monitoring overtime earned by all employees at all levels and positions. The report should include the following information: employee name, employee position, total overtime paid, total base salary, total hours of overtime worked and total leave time taken during a given period. The review should be performed on some regular schedule.

**Management's Response:** We concur. Management is in full agreement with the recommendation.

Since the release of the Overtime Performance Audit, all City Department Directors have been informed that a higher level of monitoring of overtime paid to employees is expected. A report developed during the audit field work will be demonstrated to Department Directors on April 22, 2013. This report will provide the information appropriate for the monthly review of departmental overtime.

Additionally, the Finance Department has instituted a practice of notifying Department Directors and supervisors each bi-weekly payroll

## MANAGEMENT'S RESPONSE

---

when an employee earns a significant amount of overtime as determined by the Finance Department.

*Implementation Date: April 2013*

### **Recommendation 2**

The City Manager's office should review Water Management Department's internal policy Stand-by/On-Call/Recall Duty and determine if the policy is appropriate and if the exceptions noted in this policy should apply to other City department employees that earn overtime for similar activities. If the policy is determined to be appropriate, the exceptions should be reflected in the respective City-wide policies.

**Management's Response:** We concur. Management is in full agreement with the recommendation.

The recommended review of the Water Management Department's internal policy will take place and any misalignment will be reconciled to insure that Departmental policies are consistent with City policies. Appropriate changes if required will be implemented and communicated.

*Implementation Date: April 2013*

## MANAGEMENT'S RESPONSE

---



### CITY OF DURHAM

Memo to: Germaine F. Brewington, Director of Audit Services  
From: **W. Bowman Ferguson, Deputy City Manager**  
Date: March 26, 2013  
Subject: **Revised** Management's Response  
Overtime Performance Audit (March 2013)

The following is the management's response to the Overtime Performance Audit dated March 2013.

The Department is doing an analysis on the information associated with those positions with high overtime earnings. At the time of this response the analysis has not been completed.

#### **Recommendation 3**

The Department of Water Management should strengthen management oversight for overtime payments by performing the following:

- Requiring the documentation of tasks, which supports overtime, and compensatory time to be completed immediately following the completed work assignment; and reviewed within a reasonable period. These records should be specific to the task, and maintained in accordance with the City's Records Retention policy.
- Authorizing overtime in writing (whenever possible) based on a specific business need, before it is worked.
- **Management's Response:** We concur. The Department will develop a document to track the tasks to support overtime and compensatory time.

## MANAGEMENT'S RESPONSE

---

*Implementation Date:* As of March 1, 2013, management began requiring all overtime be documented to support the need for overtime worked. This is being accomplished through the use of spreadsheets. While this is not an efficient, permanent method of documentation, it ensures that the proper oversight is now in place while a more efficient solution is developed.

The Department will develop a permanent system to document overtime and compensatory time in CityWorks by August 30, 2013. The review cycle of the documentation will be quarterly. The first report review will take place after the end of the third quarter of 2013.

- **Management's Response:** We concur. The Department will develop a system to track tasks and document overtime and compensatory time.

*Implementation Date:* Complete - March 1, 2013, management began requiring all overtime other than emergency and on-call be documented to support the need for overtime and receive approval prior to working.

### Recommendation 4

The Department of Water Management should prepare a resource allocation worksheet of its departmental staff positions with high overtime earnings to determine: 1) adequate staffing levels for the workload, and 2) reasonableness of overtime hours claimed.

**Management's Response:** We partially concur.

The department agrees fully that a detailed review of our systems and use of overtime and compensatory time is necessary, and are committed to adjusting our systems and implementing new tools to respond to the concerns raised in the audit. As a result of the audit, The Department is doing an analysis on the information associated with positions that were found to have high overtime earnings. At the time of this response the analysis has not been completed. The Department is analyzing how the overtime is distributed: Emergency, On-Call, Planned, Meter Shop activities and Administrative. Upon completion of the analysis the Department will assess if any changes in operations are warranted. In the future we will also look at extended hours work

## MANAGEMENT'S RESPONSE

---

and work associated with capital projects.

WSM is in the early stages of business process mapping. Upon completion of mapping "as-is" processes they will immediately begin refining those processes and developing new ones to improve efficiency of the division. This will result in resources being allocated much differently in the future. The implementation of web-based CityWorks, development of standard operating procedures for the division and the utilization of mobile technology will reduce the need for administrative paperwork as responsibility is pushed down the ranks and a clear line of accountability is established. All of these changes have the potential to decrease the department's reliance on overtime while increasing the accountability and predictability of overtime that is required.

While the Department is not in support of a resource allocation assessment to pre-determine how much time various job tasks should be performed in, we believe our response described above will serve the audit's desired outcomes of 1) ensuring adequate staffing levels in proportion to the work load; and 2) ensuring reasonableness of overtime hours claimed.

*Implementation Date:* The Department will complete its analysis by the end of April 2013.



## MANAGEMENT'S RESPONSE

---



### CITY OF DURHAM

Memo to: Germaine F. Brewington, Director of Audit Services  
From: **Marvin Williams, Director of Public Works**  
Through: W. Bowman Ferguson, Deputy City Manager  
Date: March 19, 2013  
Subject: Management's Response  
Overtime Performance Audit (March 2013)

The following is the management's response to the Overtime Performance Audit dated March 2013.

#### **Recommendation 5**

The Department of Public Works should retrain the timekeepers in charge of calculating overtime.

**Management's Response:** We concur. The Department of Public Works management is in full agreement with the recommendation.

The Department of Public Works will schedule a formal training session for all timekeepers within the department to ensure that proper timekeeping methods and overtime calculations methods are used consistently throughout the department. We will work with the appropriate departments (HR, Finance, etc....) to schedule and complete this training within the next 90-days.

cc: Tasha N. Johnson, Assistant Director of Public Works  
Paul Wiebke, Assistant Director of Public Works  
Dwight Murphy, Operations Manager  
John J Scott, Business Services Manager

## MANAGEMENT'S RESPONSE

---



### CITY OF DURHAM

Memo to: Germaine F. Brewington, Director of Audit Services  
From: **James Soukup, Director of Emergency Communications**  
Date: March 12, 2013  
Subject: Management's Response  
Overtime Performance Audit (March 2013)

The following is the management's response to the Overtime Performance Audit dated March 2013.

#### **Recommendation 6**

The Department of Emergency Communications should ensure that the Department Director signs the Overtime Payment Form per the current policy.

**Management's Response:** We concur with reservations. Management is in agreement with the recommendation, but there are circumstances that should be considered with a Department that incurs overtime from several personnel each pay period. The Emergency Communications Department requires minimum staffing levels in order to serve the public at an acceptable level. Scheduled vacations, sick time and other events require overtime so that this can be achieved. The intent of having the Department Director sign the Overtime Payment Forms is to guarantee that management is aware of the overtime in the Department and all circumstances associated with it. The Emergency Communications Department prepares a spreadsheet each pay period that details the amount of hours, costs, and the names of each person in the Department that received overtime. This spreadsheet is forwarded to my attention and subsequently reviewed. It is then filed away in case it is needed in the future.

I believe the Emergency Communications Department is meeting the intent of the current policy and ask that consideration be given to an exemption due to the controls we have in place. There are numerous overtime slips every pay period that are signed off and checked for

## MANAGEMENT'S RESPONSE

---

accuracy by the individual's direct supervisor for efficiency. The Department will abide by the current policy and implement immediately unless we are given permission to continue with just the spreadsheet. If it satisfies the intent of the policy, the spreadsheet could be signed/dated by the Department Director and filed as well.

Thank you for your consideration.

cc: W. Bowman Ferguson, Deputy City Manager

## MANAGEMENT'S RESPONSE

---



CITY OF  
DURHAM

Memo to: Germaine F. Brewington, Director of Audit Services  
From: **Alethea Bell, Director of Human Resources**  
Date: March 11, 2013  
Subject: Management's Response  
Overtime Performance Audit (March 2013)

The following is the management's response to the Overtime Performance Audit dated March 2013.

### Recommendation 7

The Department of Human Resources should revise Policy HRM 403 *Overtime Pay and Compensatory Time C.5.a* to state "The **Department Director or Assistant Director** must sign the overtime payment form and the time sheet and this must be submitted to payroll as required."

**Management's Response:** We concur. Management is in full agreement with the recommendation. Policy revision will be completed upon approval of the City Manager's office. May 2013 is the anticipated completion date.